

OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL RATE COMMISSION

In the Matter of:)
)
EXPERIMENTAL PRIORITY MAIL) Docket No. MC2004-2
FLAT-RATE BOX OFFERING)

VOLUME #1

RECEIVED
2004 JUL -9 A 8:27
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Date: July 8, 2004
Place: Washington, D.C.
Pages: 1 through 11

HERITAGE REPORTING CORPORATION

Official Reporters
1220 L Street, N.W., Suite 600
Washington, D.C. 20005
(202) 628-4888

POSTAL RATE COMMISSION

In the Matter of:)
)
 EXPERIMENTAL PRIORITY MAIL) Docket No. MC2004-2
 FLAT-RATE BOX OFFERING)

Conference Room
 Postal Rate Commission
 1333 H Street, N.W.
 Washington, D.C.

Volume 1
 Thursday, July 8, 2004

The above-entitled matter came on for hearing pursuant to notice, at 10:02 a.m.

BEFORE:

HON. GEORGE A. OMAS, CHAIRMAN
 HON. TONY HAMMOND, VICE-CHAIRMAN
 HON. DANA B. COVINGTON, COMMISSIONER

APPEARANCES:

On behalf of the United States Postal Service:

RICHARD T. COOPER, Esquire
 KENNETH N. HOLLIES, Esquire
 United States Postal Service
 Law Department
 475 L'Enfant Plaza, S.W.
 Washington, D.C. 20260-1137
 (202) 268-3083

APPEARANCES: (cont'd.)

On behalf of the Office of the Consumer Advocate:

SHELLEY DREIFUSS, Esquire
Postal Rate Commission
Office of the Consumer Advocate
1333 H Street, N.W.
Washington, D.C.
(202) 789-6833

On behalf of the Association of Priority Mail Users:

WILLIAM J. OLSON, Esquire

On behalf of Douglas F. Carlson:

(No Appearance.)

On behalf of the Mail Order Association of America:

(No Appearance.)

On behalf of the Parcel Shippers Association:

(No Appearance.)

On behalf of David K. Popdan:

(No Appearance.)

P R O C E E D I N G S

(10:02 a.m.)

1
2
3 CHAIRMAN OMAS: Good morning. Today we are
4 holding a prehearing conference in Docket No. MC2004-2
5 concerning the Postal Service's proposal for an
6 experimental Priority Mail flat-rate box rate.

7 I am George Omas, Chairman of the Postal
8 Rate Commission. With me today are Vice Chairman Tony
9 Hammond and Commissioner Dana Covington. Commissioner
10 Ruth Goldway could not be here today with us.

11 Our reporter for this docket is Heritage
12 Reporting Company. Appearance forms are available on
13 the table to the left of the door as you enter the
14 hearing room. To order transcripts, you may call
15 (202) 628-4888 or talk to the reporter at the close of
16 today's conference.

17 As the first order of business, I would like
18 to ask participants or counsel to introduce themselves
19 for the record. United States Postal Service?

20 MR. COOPER: For the Postal Service, I am
21 Richard Cooper, and with me is Kenneth Hollies.

22 CHAIRMAN OMAS: Thank you.

23 Association of Priority Mail Users?

24 MR. OLSON: Mr. Chairman, William Olson
25 representing APMU.

Heritage Reporting Corporation
(202) 628-4888

1 CHAIRMAN OMAS: Welcome.

2 Douglas F. Carlson?

3 (No response.)

4 CHAIRMAN OMAS: Mail Order Association of
5 America?

6 (No response.)

7 CHAIRMAN OMAS: Office of the Consumer
8 Advocate?

9 MS. DREIFUSS: Good morning, Mr. Chairman.
10 I'm Shelley Dreifuss representing the Office of the
11 Consumer Advocate.

12 CHAIRMAN OMAS: Parcel Shippers Association?

13 (No response.)

14 CHAIRMAN OMAS: David K. Popdan?

15 (No response.)

16 CHAIRMAN OMAS: Is there anyone whom I have
17 missed or would like to respond?

18 (No response.)

19 CHAIRMAN OMAS: Hearing none, Commission
20 Order No. 1408 gave notice of the Postal Service
21 request in this case and established preliminary
22 procedure dates. Among other things, that Order
23 authorized settlement negotiations and appointed a
24 Postal Service counsel as settlement coordinator.

25 That Order also scheduled this prehearing

Heritage Reporting Corporation
(202) 628-4888

1 conference and directed that the settlement
2 coordinator submit reports on the status of settlement
3 discussions with the first report being submitted on
4 or before July 2 so that the Commission could evaluate
5 progress towards settlement in advance of this
6 conference.

7 Unfortunately, no report on what progress
8 has been made towards settlement has been filed with
9 this Commissioner.

10 Mr. Cooper, can you provide us with an oral
11 report on settlement negotiations at this time?

12 MR. COOPER: Yes, Mr. Chairman. I
13 apologize. I didn't notice that requirement in the
14 ordering provisions of the Order, but I'd be happy to
15 report today.

16 CHAIRMAN OMAS: Please.

17 MR. COOPER: We had a settlement conference
18 on Thursday of last week, and I'm happy to report that
19 the prospects for settlement are promising.

20 Several parties had suggestions for data
21 that we might consider collecting during the course of
22 the experiment and other data that we might report,
23 and the Postal Service is considering those requests.

24 It will take some time to evaluate the
25 burden that would be imposed on the Postal Service to

1 collect certain of those data, so we are evaluating
2 that currently. We hope to get back to the other
3 parties within another week or so with either a
4 counterproposal or a position on that.

5 Other parties have expressed general support
6 for the proposal. I haven't heard any requests for a
7 hearing or any opposition to this point.

8 In sum, we may be able to reach settlement
9 here. We should know within a few weeks on that. It
10 doesn't look like we're going to hearing. Other than
11 that, I guess I would just allow the other parties to
12 speak for themselves.

13 CHAIRMAN OMAS: All right. Thank you, Mr.
14 Cooper.

15 Would any participant like to add anything
16 to Mr. Cooper's statement? Mr. Olson?

17 MR. OLSON: Mr. Chairman, I guess I'd just
18 like to add that the Association of Priority Mail
19 Users is supportive of the proposal. We actually when
20 we reviewed it thought it was remarkably complete,
21 frankly -- I hope this isn't being transcribed -- and
22 thought that there was really nothing that we needed
23 to know more than within the initial filing, which is
24 I think a testimony to adherence to the Commission
25 rules.

1 We did not submit any discovery. We're
2 monitoring the discovery of others, but really don't
3 feel that there's much more that we need to know. The
4 Commission has made a good evidentiary foundation,
5 and, unless something comes up that is unexpected,
6 we'd be prepared to settle at any time.

7 CHAIRMAN OMAS: Thank you, Mr. Olson.

8 Is there anyone else who would like to
9 comment? Ms. Dreifuss?

10 MS. DREIFUSS: OCA is generally supportive
11 of the proposal. As Mr. Cooper pointed out, we are
12 engaged in discussions about whether the data
13 collection that the Postal Service has offered might
14 need to be supplemented.

15 I believe OCA would only need about one week
16 more of discovery, of initial discovery, and then the
17 opportunity to follow up on any answers we get to
18 questions posed during the next week and others that
19 have been filed up to this point and then to resolve
20 certain litigation disputes over some of our
21 questions.

22 That's all OCA would need, and then I guess
23 finally once all the evidence has been provided an
24 opportunity either to comment or brief the Commission
25 on our views.

1 CHAIRMAN OMAS: Thank you, Ms. Dreifuss. Is
2 there anyone else?

3 Mr. Cooper, does the Postal Service have any
4 comments at this point?

5 MR. COOPER: No more comments.

6 CHAIRMAN OMAS: Well, then I gather the
7 Postal Service will continue to believe that it may be
8 possible to settle this case and that it would be
9 worthwhile to continue with the settlement
10 discussions.

11 The Commission encourages you to continue to
12 attempt to reach a settlement. Starting with two
13 weeks from today, July 22, and every two weeks after
14 that, will you please submit a report on the status of
15 the settlement discussions in this case?

16 MR. COOPER: Yes, Mr. Chairman.

17 CHAIRMAN OMAS: Thank you.

18 There has been a fairly substantial number
19 of discovery requests filed in this case. Does any
20 participant wish more time for discovery? If so, how
21 much more time is needed? Ms. Dreifuss?

22 MS. DREIFUSS: Mr. Chairman, I think OCA
23 would need about one week more for initial discovery
24 and then the opportunity to follow up and resolve
25 discovery disputes.

1 CHAIRMAN OMAS: All right. Thank you.

2 Is there anyone else?

3 (No response.)

4 CHAIRMAN OMAS: In establishing a schedule
5 for this proceeding, a central issue is whether it is
6 appropriate to consider the Postal Service request
7 under Commission rules for experiments.

8 No party filed a timely objection to
9 considering this case as an experiment. Is there any
10 objection to that at this time?

11 (No response.)

12 CHAIRMAN OMAS: I hear no objection.

13 Another issue is whether an evidentiary
14 hearing with oral cross-examination of Postal Service
15 witnesses is necessary.

16 No preliminary request for such a hearing
17 was filed. Does anyone here today request such a
18 hearing?

19 (No response.)

20 CHAIRMAN OMAS: Does any participant have
21 any other matter to raise at this point regarding this
22 docket?

23 (No response.)

24 CHAIRMAN OMAS: The Commission will take
25 counsel's comments under advisement. It appears as

1 though prompt action in this docket is still likely.

2 If there is nothing further, then this
3 prehearing conference is adjourned. Thank you very
4 much. Have a good day.

5 (Whereupon, at 10:10 a.m. the hearing in the
6 above-entitled matter was concluded.)

7 //

8 //

9 //

10 //

11 //

12 //

13 //

14 //

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

23 //

24 //

25 //

REPORTER'S CERTIFICATE

DOCKET NO.: MC 2004-2
CASE TITLE: Experimental Priority Mail
Flat-Rate Box Offering
HEARING DATE: July 8, 2004
LOCATION: Washington, D.C.

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the Postal Rate Commission.

Date: July 8, 2004



Mason Edwards
Official Reporter
Heritage Reporting Corporation
Suite 600
1220 L Street, N.W.
Washington, D.C. 20005-4018